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**Financing of the United Nations Interim Administration Mission
in Kosovo****Budget for the United Nations Interim Administration
Mission in Kosovo for the period from 1 July 2003 to
30 June 2004****Report of the Secretary-General****Contents**

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Summary

The present report contains the budget for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2003 to 30 June 2004, which amounts to \$315,518,200.

The budget provides for the deployment of 38 military observers, 3,400 civilian police, 1,203 special police, 1,049 international staff, 3,130 national staff and 250 United Nations Volunteers.

Financial resources

(Thousands of United States dollars. Budget year is from 1 July to 30 June.)

Category of expenditure	Expenditures (2001/02)	Apportionment (2002/03)	Cost estimates (2003/04)	Variance	
				Amount	Percentage
Military and police personnel	125 532.0	118 488.3	117 364.0	(1 124.3)	(0.9)
Civilian personnel	184 775.0	166 308.5	145 295.2	(21 013.3)	(12.6)
Operational costs	49 941.0	45 203.2	52 859.0	7 655.8	16.9
Gross requirements	360 248.0	330 000.0	315 518.2	(14 481.8)	(4.4)
Staff assessment income	25 989.0	22 968.9	19 704.4	(3 264.5)	(14.2)
Net requirements	334 259.0	307 031.1	295 813.8	(11 217.3)	(3.7)
Voluntary contributions in kind (budgeted)	—	—	—	—	—
Total resource requirements	360 248.0	330 000.0	315 518.2	(14 481.8)	(4.4)

Human resources

Category of personnel	Approved (2002/03) ^a	Proposed (2003/04) ^a	Net change
Military observers	38	38	—
Civilian police	3 515	3 400	(115)
Formed police units	1 203	1 203	—
International staff	1 227	1 049	(178)
National staff	3 504	3 130	(374)
United Nations Volunteers	250	250	—

^a Represents highest level of authorized/proposed strength.

The actions to be taken by the General Assembly are set out in section IV of the present report.

I. Mandate and planned results

1. The mandate of the United Nations Interim Administration Mission in Kosovo (UNMIK) was established by Security Council resolution 1244 (1999) for an initial period of 12 months, to continue thereafter unless the Security Council should decide otherwise.
2. The Mission is mandated to help the Security Council achieve an overall objective, namely, to ensure the substantial autonomy and meaningful self-administration of Kosovo.
3. Within this overall objective, the Mission will, during the budget period, contribute to a number of accomplishments by delivering related key outputs, shown in the frameworks below.

Component 1: Political

<i>Expected accomplishments</i>	<i>Indicators of achievement</i>	<i>Outputs</i>
1.1 Ensure functioning democratic institutions	Provisional Institutions of Self-Government control throughout Kosovo Participation of political parties in the political process Full responsibility by municipalities for management of municipal functions Unqualified compliance with the mandate of the Kosovo Protection Corps, including minority participation	Trained civil servants and the provision of legal and expert assistance to the Provisional Institutions of Self-Government and the municipalities Recruitment of senior posts in the Provisional Institutions of Self-Government completed 2004 elections plan Parallel structures dismantled Dialogue and direct contacts between Kosovo Provisional Institutions of Self-Government and the Federal Republic of Yugoslavia and the Serbian authorities Continued cooperation with regional governments Issued civil documents and payment of pensions Regular publications distributed on gender issues, including statistical analysis Continued oversight of the Kosovo Protection Corps Aligned legislation to the European Union and international standards

1.2 Increase returns, reintegration, freedom of movement and property rights	Sustainable returns to places of origin within Kosovo Increased freedom of movement for minorities Increased number of missing persons identified Increased repossession of property	Facilitated programme for returns, including functioning municipal working groups and go-and-see visits Public awareness campaigns Programmes, initiatives and legislation protecting and enforcing the rights of the minorities, including their rights regarding repossession of property Implemented missing persons programme Assisted reconciliation programmes and initiatives
1.3 Ensure fair and just legal system in Kosovo	Established independent, impartial and multi-ethnic judiciary Establishment of prison security and conditions in accordance with European standards Reduced reliance on international judiciary to hear ethnic-based crime cases	Trained impartial judges and prosecutors implementing rule of law Investigated judicial misconduct by local judges Managed 7 prisons according to European standards Increased prison capacity by 25 per cent Reformed legal framework for the Kosovo Correctional Service Progressively transferred operational control of certain facilities to the Kosovo Correctional Service
1.4 Increase economic development	Balanced budget Increase in privatization	Tax and revenue collected Delivered electricity supply Restructured public enterprises
<i>External factors:</i> Regional security environment will remain calm. Regional developments will be favourable to UNMIK's mandate. Political actors in Kosovo willing to cooperate within the framework of the benchmarks. Donors will provide sufficient funding. Continued support of the Kosovo Force (KFOR) in ensuring a safe environment.		

Component 2: Civilian police

<i>Expected accomplishments</i>	<i>Indicators of achievement</i>	<i>Outputs</i>
2.1 Ensure public law and order	Reduction in serious crimes and increased success in detection of perpetrators Kosovo Organized Crime Bureau to become fully operational Decrease in number of violent demonstrations	Maintained high frequency of police patrols/checkpoints Maintained border and boundary post security Investigated criminal cases with identified suspects Maintained security for persons at risk
2.2 Make progress towards a self-sustaining police force	Kosovo police assumes responsibility for substantive police functions Representation of minorities and women in deployment and management positions within the Kosovo Police Service Development of the administrative capacity of the Kosovo Police Service Increased engagement of the Kosovo Police Service in intelligence collection and investigation of serious crimes	Trained officers of the Kosovo Police Service in specialized functions Supervised promotion, selection and appointment of officers of the Kosovo Police Service Identified target strengths and structure of Kosovo Police Service along with next steps in transition strategy Implemented professional civilian administrative infrastructure for Kosovo Police Service development and support Implemented automated fingerprint identification system
<i>External factors:</i> Continued participation by minorities in the police force. Assistance from other organizations. Continued support of the Kosovo Force. Security situation and economic stability concurrent with rate of returnee minorities.		

Component 3: Support

<i>Expected accomplishments</i>	<i>Indicators of achievement</i>	<i>Outputs</i>
3.1 Increase efficiency and effectiveness in supporting the Mission	Client offices have high level of surveyed satisfaction with support services	4,429 staff administered 24 monitoring and cost control reports 12 financial reports 112 premises maintained 60 generators maintained 2,624 vehicles maintained Round-the-clock year-round information technology service support Round-the-clock year-round communication service support 524 personnel trained Round-the-clock year-round security and close protection services 12 aircraft inspections conducted 71 aviation safety reports 1 UNMIK web site
<i>External factors:</i> Adjacent borders will remain open for transit of goods and services to the Mission.		

II. Resource requirements

A. Financial resources

1. Overall

(Thousands of United States dollars. Budget year is 1 July to 30 June.)

Category	Expenditures (2001/02)	Apportionment (2002/03)	Cost estimates (2003/04)	Variance	
				Amount	Percentage
	(1)	(2)	(3)	(4) - (3)	(2) - (3) - (4)/(2)
Military and police personnel					
Military observers	1 235.0	1 193.1	1 174.2	(18.9)	(1.6)
Military contingents	3 677.0	4 173.7	3 452.5	(721.2)	(17.3)
Civilian police	102 286.0	93 819.9	93 728.6	(91.3)	(0.1)
Formed police units	18 334.0	19 301.6	19 008.7	(292.9)	(1.5)
Civilian personnel					
International staff ^a	135 463.0	114 990.4	101 749.7	(13 240.7)	(11.5)
National staff ^b	40 892.0	43 002.1	35 399.4	(7 602.7)	(17.7)
United Nations Volunteers	8 420.0	8 316.0	8 146.1	(169.9)	(2.0)
Operational costs					
General temporary assistance	468.0	322.5	105.6	(216.9)	(67.3)
Government-provided personnel	—	—	—	—	—
Civilian electoral observers	—	—	—	—	—
Consultants	140.0	—	—	—	—
Official travel	1 436.0	1 297.6	1 666.7	369.1	28.4
Facilities and infrastructure	20 046.0	19 547.9	21 228.0	1 680.1	8.6
Ground transportation	6 404.0	5 612.0	9 247.2	3 635.2	64.8
Air transportation	4 002.0	3 370.7	2 906.7	(464.0)	(13.8)
Naval transportation	—	—	—	—	—
Communications	7 462.0	6 783.2	6 937.6	154.4	2.3
Information technology	3 003.0	2 174.8	5 578.2	3 403.4	156.5
Medical	847.0	931.2	762.4	(168.8)	(18.1)
Special equipment	116.0	112.1	110.9	(1.2)	(1.1)
Miscellaneous supplies, services and equipment	6 017.0	5 051.2	4 315.8	(735.4)	(14.6)
Quick-impact projects	—	—	—	—	—
Gross requirements	360 248.0	330 000.0	315 518.2	(14 481.8)	(4.4)
Staff assessment income	25 989.0	22 968.9	19 704.4	(3 264.5)	(14.2)
Net requirements	334 259.0	307 031.1	295 813.8	(11 217.3)	(3.7)
Voluntary contributions in kind (budgeted)	—	—	—	—	—
Total resource requirements	360 248.0	330 000.0	315 518.2	(14 481.8)	(4.4)

^a Amounts for 2003/04 and 2002/03 are inclusive of a 10 per cent vacancy rate.

^b Amount for 2003/04 is inclusive of an 8 per cent vacancy rate compared to a 6 per cent vacancy rate applied in 2002/03.

2. Contingent-owned equipment: major equipment and self-sustainment

4. Provision for major equipment and self-sustainment included in the total resource requirements for the period from 1 July 2003 to 30 June 2004 is as follows:

<i>Category</i>	<i>Amount (Thousands of US dollars)</i>
Major equipment	3 488.1
Self-sustainment	
Office	62.4
Minor engineering	—
Laundry and cleaning	60.5
Communications	381.1
Medical	200.3
Observation	110.9
Miscellaneous general stores	181.1
Subtotal	996.3
Total	4 484.4

B. Human resources

1. Military and police personnel

	<i>Approved (2002/03)</i>	<i>Proposed (2003/04)^a</i>	<i>Net change</i>
Military observers	38	38	—
Civilian police	3 515	3 400	(115)
Formed police units	1 203	1 203	—

^a Represents highest level of authorized/proposed strength.

2. Civilian personnel

	International staff								National staff	United Nations Volunteers	Total
	USG -ASG	D-2 -D-1	P-5 -P-4	P-3 -P-1	Field Service	General Service	Security Service	Subtotal			
Office of the Special Representative of the Secretary-General ^a											
Approved 2002/03 ^b	2	11	38	40	—	27	—	118	61	—	179
Proposed 2003/04 ^b	2	11	34	34	—	24	—	105	81	3	189
Police and Justice (Pillar I)											
Approved 2002/03 ^b	1	11	45	114	5	86	—	262	1 553	—	1 815
Proposed 2003/04 ^b	1	10	48	107	5	93	—	264	1 553	32	1 849
Civil Administration (Pillar II)											
Approved 2002/03 ^b	1	17	230	126	—	61	—	435	418	243	1 096
Proposed 2003/04 ^b	1	15	153	101	—	50	—	320	300	208	828
Division of Administration											
Approved 2002/03 ^b	—	3	32	59	202	72	44	412	1 472	7	1 891
Proposed 2003/04 ^b	—	3	30	50	173	64	40	360	1 196	7	1 563
Total											
Approved 2002/03 ^b	4	42	345	339	207	246	44	1 227	3 504	250	4 981
Proposed 2003/04 ^b	4	39	265	292	178	231	40	1 049	3 130	250	4 429
Net change	—	(3)	(80)	(47)	(29)	(15)	(4)	(178)	(374)	—	(552)

^a Includes the immediate Office of the Special Representative of the Secretary-General and Offices of the Resident Auditor (for 2002/03 only), Political Affairs, the Legal Adviser Returns and Communities, the Spokesperson and Public Information and Advisory Unit on Security.

^b Represents highest level of authorized/proposed strength.

III. Analysis of variances¹

Reference

This section describes the single largest contributing factor of each resource variance according to specific standard options encompassed in the four standard categories listed below:

- **Mandate:** variances caused by changes in the scale or scope of the mandate, or changes in the expected accomplishments as driven by the mandate;
- **External:** variances caused by parties or situations external to the United Nations;
- **Cost parameters:** variances caused by United Nations regulations, rules and policies;
- **Management:** variances caused by management actions to achieve planned results more effectively (e.g., by reprioritizing or adding certain outputs) or efficiently (e.g., by taking measures to reduce personnel or operational inputs while maintaining the same level of outputs), and/or from performance-related issues (e.g., by having underestimated the costs or quantities of inputs required to produce a certain level of outputs, or by delayed recruitment).

	<i>Variance</i>	
Military contingents	(\$721.2)	(17.3%)

- **Management: reduced outputs and inputs**

5. The decrease is attributable to the repatriation of contingent-owned equipment for one special police unit at the end of December 2003.

	<i>Variance</i>	
Formed police units	(\$292.9)	(1.5%)

- **Management: reduced outputs and inputs**

6. The decrease is attributable to the repatriation of one unit at the end of December 2003.

¹ Resource variance amounts are expressed in thousands of United States dollars.

	<i>Variance</i>	
International staff	(\$13 240.7)	(11.5%)

• **Management: reduced outputs and inputs**

7. The decrease is attributable to the progressive reduction of international staff, which started on 1 July 2002 and will continue through 30 June 2004. On 30 June 2002, there were 1,319 authorized posts for international staff in UNMIK. The number of international posts was reduced to 1,227 at the beginning of the current period and will be further reduced to 1,112 by 31 March 2003. The proposed budget provides for the phased reduction of posts from 1,049 on 1 July 2003 to 910 by 30 June 2004.

Staff changes

Management: additional inputs and outputs

8. The increase of two posts for Pillar I relates primarily to the establishment of a new Office of Missing Persons and Forensics, offset by staffing reductions in the Judicial Development Division and in the Penal Management Division.

Management: reduced outputs and inputs

9. The decrease of 13 posts in the Office of the Special Representative of the Secretary-General relates to the transfer of 3 posts in the Office of the Resident Auditor and one post in the Office of Internal Oversight to the Office for the support account for peacekeeping operations, as well as to staffing reductions, primarily in the Office of the Spokesperson and Public Information.

10. Civil Administration staffing will be reduced by 115 posts as a result of the transfer of executive responsibilities to the Provisional Institutions of Self-Government, both at the municipal and central levels. Civil Administration will retain full responsibility for administration of reserved functions.

11. Staffing for the Division of Administration will be reduced by 52 posts in line with the overall downsizing of the Mission.

	<i>Variance</i>	
National staff	(\$7 602.7)	(17.7%)

• **Management: reduced outputs and inputs**

12. On 30 June 2002 there were 3,869 authorized posts for national staff in UNMIK. The number of national posts was reduced to 3,504 at the beginning of the current period and will be further reduced to 3,384 in January 2003. The proposed budget provides for the phased reduction of posts from 3,130 on 1 July 2003 to 2,829 by 30 June 2004.

Staff changes

Management: additional inputs and outputs

13. The increase of 20 posts in the Office of the Special Representative of the Secretary-General relates primarily to the merger of the United Nations Liaison Office in Belgrade, which is currently financed by the United Nations Mission in Bosnia and Herzegovina (UNMIBH), with the UNMIK Office in Belgrade, effective July 2003.

Management: reduced outputs and inputs

14. The decrease of 118 posts for Civil Administration relates to the transfer of executive responsibilities to the Provisional Institutions of Self-Government, as described in paragraph 6 above.

15. The decrease of 276 posts in the Division of Administration includes the reduction of 224 security posts since it is planned to outsource security services during this period.

	<i>Variance</i>	
United Nations Volunteers	(\$169.9)	(2.0%)

• Management: hazard pay entitlement applied only in one region

16. The number of United Nations Volunteers entitled to hazard pay has decreased.

	<i>Variance</i>	
General temporary assistance	(\$216.9)	(67.3%)

• Management: reduced outputs and inputs

17. The decrease is attributable to lower requirements for support from the United Nations Logistics Base in Brindisi, Italy.

	<i>Variance</i>	
Official travel	\$369.1	28.4%

• Management: additional inputs and additional outputs

18. The increase is attributable to the travel of staff of the Department of Justice to consult with staff of United Nations agencies and government representatives on matters related to the establishment and implementation of a judicial and legal system in Kosovo, the participation of the Special Representative of the Secretary-General in international conferences, seminars and expert meetings related to the implementation of the Security Council resolution on Kosovo and travel of UNMIK staff to training courses outside the Mission area.

	<i>Variance</i>	
Facilities and infrastructure	\$1 680.1	8.6%

- **Management: outsourcing security services**

19. The increase is attributable to the outsourcing of security services. There is a corresponding reduction of 10 international and 224 local security staff under Civilian Personnel.

	<i>Variance</i>	
Ground transportation	\$3 635.2	64.8%

- **Management: replacement of vehicles**

20. The increase is attributable to the need to replace 240 vehicles, including 238 4x4 vehicles and 2 mini-buses.

	<i>Variance</i>	
Air transportation	(\$464.0)	(13.8%)

- **Management: reduced inputs and same outputs**

21. The decrease relates to the replacement of one light helicopter with a medium-lift fixed-wing aircraft to better meet the air support requirements of the Mission.

	<i>Variance</i>	
Communications	\$154.4	2.3%

- **Management: additional outputs and inputs**

22. The increase is attributable to the need to procure four digital microwave links to meet the requirements of office relocations and to prevent downtime caused by major equipment failure.

	<i>Variance</i>	
Information technology	\$3 403.4	156.5%

- **Management: replacement of information technology equipment**

23. The increase stems primarily from the need to replace information technology equipment purchased in 1999 and which will reach its maximum lifetime in 2003/2004.

	<i>Variance</i>	
Medical	(\$168.8)	(18.1%)

- **Management: reduced outputs and inputs**

24. The decrease is attributable to lower demands for medical services due to personnel reductions.

	<i>Variance</i>	
Miscellaneous supplies, services and equipment	(\$735.4)	(14.6%)

- **Management: reduced outputs and inputs**

25. The decrease is attributable to reductions in personnel.

IV. Actions to be taken by the General Assembly

26. The actions to be taken by the General Assembly in connection with the financing of UNMIK are:

(a) Appropriation of the amount of \$315,518,200 for the maintenance of the Mission for the 12-month period from 1 July 2003 to 30 June 2004;

(b) Assessment of the amount in paragraph (a) above at a monthly rate of \$26,293,183.

V. Summary of follow-up actions taken to implement requests and recommendations of the Advisory Committee on Administrative and Budgetary Questions and the United Nations Board of Auditors

<i>Request/recommendation</i>	<i>Action taken to implement request/recommendation</i>
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Advisory Committee on Administrative and Budgetary Questions

(A/56/887/Add.6)

Planning

More needs to be done to improve planning, to prepare realistic estimates and to increase productivity and efficiency in operational activities such as procurement, transport, communications and air operations (para. 8).

The preparation of the business plan for the Division of Administration for 2002-2003 has been a major step in introducing strategic planning. The business plan was developed to support UNMIK's benchmarks, which have been established by the Office of the Special Representative of the Secretary-General, based upon the identification of key management indicators in the attainment of set goals.

Request/recommendation	Action taken to implement request/recommendation
Carlog system The Committee is not convinced that the expense of procuring, installing and maintaining the Carlog system for UNMIK is cost-effective. The Committee cautions against what appears to be a growing tendency to procure sophisticated technology that is in excess of the actual needs of peacekeeping missions (para. 13).	The Carlog system provides an overview of a wide range of vehicle operation parameters, including driver monitoring. Carlog is able to pinpoint aberrant driver behaviour, thereby facilitating driver education and improving road safety. Additionally, the enhancement of the control of fuel usage that Carlog represents is of benefit with regard to the proper accounting of this major category of mission expenditure.
Exit strategy The Committee recalls its comments in document A/55/624, paragraph 37, which, in the Committee's view, remain valid. Unless a strategy is formulated to remedy circumstances that lead to more cases being taken over by international judges, the mere doubling of the number, as recommended, will not be enough. The Committee cautions against laying the ground for a situation in which UNMIK would be forced to continue to fund international judges, prosecutors and personnel for the Kosovo penal system for an indeterminate period and without an exit strategy (para. 27).	A strategy is presently being developed by the Department of Justice. Nonetheless, it remains important to recall that international judges and prosecutors are deployed for cases which local judges cannot fairly try because of fear of reprisal and intimidation. Organized criminal networks and inter-ethnic tensions are still a strong destabilizing force in Kosovo, and the time has not yet come when local judges can try war crimes, inter-ethnic crimes or organized crimes independent from undue pressure. In the meantime, UNMIK's Department of Justice continues to work in parallel to build up the capacity of local judges and prosecutors. The reform of the Kosovo Judicial Institute, the introduction of a compulsory six-month pre-appointment judicial training programme and the administrative oversight provided by the Judicial Inspection Unit are at the heart of those efforts.
Division of Administration The Advisory Committee is of the view that the retention of such a large number of posts for administrative and support services needs to be reviewed in the light of changes that are affecting the role of the Division and the activities funded from the UNMIK budget (para. 32).	UNMIK has carefully re-assessed operational needs in reconfiguring posts/resources. Not only have posts been abolished, leading to a net reduction of the total number of posts, but some have also been redeployed to meet mandate needs.

Annex

Organization chart





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Department of Public Information
Cartographic Section